

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1981

IN THE MATTER OF:

Served April 18, 1979

DAWSON'S CHARTER SERVICE, INC.,       )  
Proposed Supplement No. 5 to WMATC   )  
Tariff No. 2                               )

Case No. AP-78-54

On November 29, 1978, Dawson's Charter Service, Inc. (Dawson's), filed the above-numbered tariff supplement with an effective date of January 1, 1979. By Order No. 1945, served December 22, 1978, the tariff was suspended for 90 days (through March 22, 1979), pending a public hearing and determination of the justness and reasonableness of the supplement. By Order No. 1973, served March 19, 1979, the tariff was further suspended for an additional 30 days. A public hearing was held on January 31, 1979, and three riders of Dawson's commuter service appeared in opposition to the proposed tariff supplement. The Commission also received numerous letters of complaint from bus passengers and a petition of protest signed by approximately 160 passengers.

The proposed change in the schedule of fares for Dawson's regular-route service between Montgomery Village and Washington, D. C. is as follows:

- (a) \$2 per passenger for a one-way trip,
- (b) \$15 weekly commuter ticket, valid for ten  
(10) separate one-way trips all during a  
single calendar week,
- (c) \$12 weekly commuter ticket, valid for eight  
(8) separate one-way trips all during a single  
calendar week in which there falls a federal  
holiday.

The proposed schedule would replace the following schedule in Dawson's currently effective tariff:

- (a) \$2 per passenger for a one-way trip,
- (b) \$15 weekly commuter ticket (valid for  
10 separate one-way trips).

At the hearing, the president of Dawson's testified in support of the application, as did the company's secretary-treasurer and a certified public accountant. The president introduced financial statements for the fiscal year ended September 30, 1978, and described problems experienced with Dawson's existing 10-trip strip commuter ticket (10 tickets attached end-to-end, each good for 1 one-way ride). An exhibit prepared at the request of the Commission, detailing abuses of the commuter ticket, includes improper transfer from one passenger to another, detachment of tickets from the strip prior to presentation and division of strips of tickets for group use at a discount. Dawson's has also been unable to keep track of outstanding tickets.

The Dawson's witness stated that the original purpose of the "strip" ticket was to enable a regular user of the commuter service to buy a discount ticket priced at \$15 for use within a 30-day period,<sup>1/</sup> rather than having to purchase 10 one-way tickets at \$2 per ticket. In fact, as the witness explained, the anticipated procedure has never been enforced by Dawson's. Ideally, a passenger would present the full strip of attached tickets to the driver who would detach the end ticket and return the strip to the passenger whose name would be on the ticket, as would the ticket's expiration date. However, riders developed the habit of merely presenting detached tickets to Dawson's drivers despite Dawson's "rule" against so doing. No precise reason for the lack of enforcement by Dawson's drivers was advanced. Some passengers began to divide up 10-trip strips for group use or to buy a strip and use it sporadically over a long period of time. At present, the company has no idea how many tickets are outstanding.

The witness emphasized that the company was not seeking a rate increase, but, instead, was trying to limit use of the commuter ticket to regular riders and prevent occasional users and groups from reducing the normal one-way fare of \$2 to \$1.50. Dawson's is concerned that any proceeding that results in regular commuters paying more than \$15 a week may also result in decreased ridership. A pass valid for only one week with transfer between passengers allowed is proposed to ensure proper use of a discount fare system as well as to guarantee Dawson's an accurate accounting of its liability to its riders for outstanding tickets. Dawson's position is that this proposal will have no adverse impact on persons who ride "regularly".

Dawson's secretary-treasurer described the procedures used for selling and accounting for the tickets. She further explained an exhibit prepared at the Commission's request which indicates that only a small percentage of the 10-ride tickets sold were being fully used in a week's time, and that even two weeks after the date of sale, a significant percentage of the tickets had at least one ride still outstanding. For

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<sup>1/</sup> This is in accord with Order No. 1559, served May 21, 1976.

example, between January 9, 1979, and January 19, 1979, 290 10-ride ticket strips were sold. The exhibit indicates that only 73 of the 290 10th-ride tickets were redeemed within one week from their date of sale, although it cannot be assumed that the tickets were properly and sequentially used. By January 26, 1979, 113 10th-ride tickets from strips sold in the January 9-19 test period still had not been returned. Similarly, 140 10-ride ticket strips were sold during the week of January 2, 1979, and 31 of these 10th-ride tickets had not been redeemed as of January 26, 1979.

As a result of the study underlying this exhibit additional abuses were discovered. Tickets sold two years earlier showed up, perhaps because of passengers' concern that an expiration date would be established. Also, 10th-ride tickets of strips sold only two days earlier were returned, an obvious misuse of the commuter ticket. In a couple of cases, the 10th-ride stub, considerably longer than the other nine tickets, was cut in half to the same size as the first nine, and used for two separate rides. The extent of such activities, however, remains unquantifiable because the test period was too short to support statistically valid conclusions.

Dawson's accountant testified that the company sustained both an operating loss and a net loss in the last fiscal year, and he projected a net loss for the present fiscal year. He further stated that a loss in revenue potential of over \$500 a week exists solely because commuter tickets are being used by casual riders in lieu of full fare tickets. The witness admitted on cross examination, however, that he had insufficient data to calculate the actual revenue loss.

Letters of complaint from bus passengers received by the Commission in response to this application express satisfaction with the quality of service provided by Dawson's as well as the quality of the equipment used and the conduct of the drivers. Some correspondents expressed willingness to pay a direct fare increase in view of rising fuel and ancillary costs, but resented the proposed change in the present flexible commuter ticket policy. They voiced the opinion that change to a more restricted weekly pass system would result in a de facto rate increase and diminished bus ridership. Riders expressed their concern over the potential for financial penalty occasioned by missed commuter trips because of illness, business travel out of town, late-night work hours, night-classes, federal holidays and part-time work status. In effect, many argue, Dawson's is attempting to generate more revenue by tightening up expiration of the 10-trip ticket without applying for, and complying with the regulations for a true fare increase.

The riders who appeared at the public hearing echoed many of the same complaints expressed in the letters. The commuters asserted a lack of financial information offered by Dawson's in justifying what was, in their view, a request for increased rates. The riders also raised a continuing objection to introduction at the hearing of evidence regarding Dawson's financial problems. Commission Regulation No. 56-01 requires

that detailed supporting data accompany an application for a change in fare or charges or any rule, regulation or practice relating thereto for a regular-route operation. Dawson's did not submit such data with the application, but did supply certain financial information in response to Commission Order No. 1945. Another point of contention involves Dawson's lack of enforcement of the provisions already approved by the Commission for preventing abuse of the commuter ticket system such as a 30-day expiration period for 10-ride tickets. The commuters assert that it is impossible to know whether existing tariff provisions are unjust or unreasonable inasmuch as they have not been enforced.<sup>2/</sup> Clearly, Dawson's passengers view the basic fare as \$15 a week and feel that, if a rigid one-week expiration is established (for whatever reason), each "lost" trip will be tantamount to a "penalty" of \$1.50.

Initially, the Commission finds that Dawson's proposed tariff is a request for a change in fares or practices relating to fares within the meaning of Commission Regulation No. 56, inasmuch as it would shorten the 30-day expiration period to five days,<sup>3/</sup> drastically increase the probability of "lost" trips and, hence, result in a de facto fare increase.

The tariff presently in force, Supplement No. 3 to WMATC Tariff No. 2, provides for a \$15 so-called "weekly" commuter ticket valid for 10 separate one-way trips. Dawson's original intention, and this Commission's, was to limit the validity of these 10-trip tickets to a 30-day period. See Order No. 1559. This policy was never properly implemented and neither Dawson's nor the riders has observed such a policy. Moreover, the existing tariff does not specifically address this issue although Dawson's could have placed an appropriate limitation in said tariff. Obviously Dawson's has not done an adequate job of enforcing its existing tariff, designed, theoretically, to alleviate the problems that have been occurring. The point is well-taken that it is difficult to measure exactly what the current system would yield if it were properly enforced. Nonetheless, it is apparent that problems resulting from the existing system, ranging from accounting procedures to ticket sharing to indecorous halving of the tenth ticket, warrant a new procedure.

The Commission declines, under these circumstances, Dawson's invitation to approve Supplement No. 5 to its WMATC Tariff No. 2. Allowing this tariff supplement to take effect would constitute a fare increase within the meaning of the Compact and our regulations thereunder.<sup>4/</sup> The riders have shown that any one of a number of reasons largely beyond their control

<sup>2/</sup> We note, however, that existing tariff provisions are not at issue in this proceeding.

<sup>3/</sup> Dawson's conducts no regular-route operations on Saturday or Sunday.

<sup>4/</sup> This in no way intimates that a one-week pass would not be favorably viewed by the Commission upon a proper showing, particularly in light of the deep (25 percent) discount allowed.

could cause them to miss one or more trips in a single week ultimately penalizing them as compared to a 10-trip ticket good for 30 days. The \$15 charge averages out to \$1.50 per ride if all ten trips are taken. If one trip is missed the average price is \$1.67 per trip, and the price is \$1.88 a trip if a full day of work is missed. If a third ride is missed in one week, the passenger ends up paying a premium for the weekly ticket.

The riders are in error, however, in considering \$1.50 to be Dawson's basic fare. Clearly, the basic, Commission-authorized one-way charge is \$2 and any fare less than \$2 should be viewed as a discount offered by Dawson's to encourage regular, sustained patronage. To the extent that this discount is subject to abuses as detailed above, corrective action is warranted. It should be understood that a carrier's basic rate is established so that the carrier will have an opportunity to earn a reasonable profit at the lowest cost to its riders. A discount may be approved by the Commission where lower operating costs or anticipated ridership increases appear likely to offset the lost revenue which the discount might otherwise be expected to engender.

Dawson's has amply demonstrated that with its current discount system the company has suffered diminished revenues and both operational and net losses. (In this connection we find the introduction of financial testimony and exhibits to be relevant and appropriate, and protestants' standing objection to the receipt thereof shall be overruled.) We believe that appropriate corrective action is warranted, although not to the extent proposed by Dawson's.

Pursuant to the Compact, Title II, Article XII, Section 6(a)(2), the Commission shall prescribe the method of implementing the commuter-ticket system. Upon consideration of all of the evidence of record, including testimony offered at the public hearing, exhibits admitted into evidence, and protests from passengers, the Commission believes that a 10-trip ticket valid for two calendar weeks from the date of purchase should be instituted, at a charge of \$15 for the ticket, with strict enforcement of the expiration date and no provision for refund for unused rides inasmuch as the ticket shall be transferable. In order to end the practice of multiple-person use of these commuter tickets on one day, they shall be restricted to preclude more than one round trip on any given day.

By adopting a two-week time limit for use of the 10-ride pass, there is sufficient time for full use of the pass in most instances even where a holiday intervenes, and, if that time period is not sufficient, making the passes transferable gives commuters an added opportunity to avoid penalty. By dating the pass for two weeks and providing for a dated ticket-punch system Dawson's can prevent multiple use of the same ticket by more than one person a day. By selling the ticket any day of the week and dating it accordingly, it should avoid excessive delays on Fridays or Mondays when one-trip, \$2 tickets might otherwise have to be purchased.

Although there may be a period of adjustment to this system when it is first implemented, it is a feasible and simple procedure that will be less subject to abuse and interpretation than the system now in use.

Use of a 10-trip ticket such as that set forth below<sup>5/</sup> should alleviate the problems experienced by Dawson's and preserve the integrity of its commuter discount program without unduly harsh effects on the riders. For example, assume a rider purchases a 10-ride commuter pass on Thursday, May 3, 1979. The pass would be marked to expire on Wednesday, May 16, 1979, and would be valid through that date. The rider uses the pass on May 3, both morning and evening, by presenting it to the bus driver who would punch the spaces for the first Thursday column in both a.m. and p.m. rows, respectively. Assuming that the rider becomes ill and misses the next three workdays, the next use of the ticket would be on Wednesday morning May 10, when the ticket would be presented to the driver who would punch the space for the second Wednesday column in the a.m. row. Use of this ticket would continue until either 10 punches are recorded (and the ticket is retained by the driver) or until the ticket expiration date passes (and the ticket is no longer valid). The options of reselling the pass or using Dawson's on a pay-as-you-go basis at \$2 for a one-way ticket, much as most commuters use the Washington Metropolitan Area Transit Authority's Metrobus and Metrorail system, are also available. These options, coupled with the two-week life of a 10-ride pass, render the possibility of any rider suffering a "penalty" de minimis, and the Commission finds that the adverse consequences, if any, which may result are clearly outweighed by the benefits to be engendered by this system. Accordingly, the Commission further finds that prescription of the above-described practices for the collection of fares by Dawson's Charter Service, Inc., is consistent with the public interest.

<sup>5/</sup> A suggested ticket format would be:

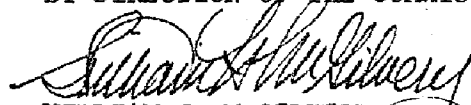
DAWSON'S CHARTER SERVICE, INC.														
10-RIDE COMMUTER PASS														
Expires _____ . Void if altered.														
		M	T	W	TH	F			M	T	W	TH	F	
NO.	a.m.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	p.m.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

As for 10-ride ticket strips currently outstanding, a period of 30 days from the date of posting of notice by Dawson's as directed in paragraph number 5 below shall be allowed by the carrier for their use with no provision for refund either before or after that period elapses. Thereafter, the above-prescribed system, which provides Dawson's with a limited-term commuter pass designed to alleviate existing problems, allows commuters an opportunity to enjoy the benefit of a discounted fare without undue threat of lost rides due to missed trips and requires other users of the service to purchase the standard \$2 one-way ticket, shall be in effect. Dawson's shall be directed to file a new tariff supplement consistent with the Commission's determination in this order.

THEREFORE, IT IS ORDERED:

1. That proposed Supplement No. 5 to WMATC Tariff No. 2, filed November 29, 1978, in Case No. AP-78-54, is hereby rejected.
2. That the above-referenced standing objection raised by commuters at the public hearing to the receipt of certain evidence is hereby overruled.
3. That Dawson's Charter Service, Inc., is hereby directed within 20 days from the date of service of this order to file with the Commission a revised Supplement No. 5 to WMATC Tariff No. 2 in accordance with the directives set forth by the Commission herein.
4. That Dawson's Charter Service, Inc., shall make an effort to provide a copy of this order to each passenger boarding its regular-route buses on the morning of April 23, 1979, and that the staff shall make available to Dawson's for this purpose copies of this order at the Commission's office during regular business hours from April 18, 1979, through April 20, 1979.
5. That Dawson's Charter Service, Inc., is hereby directed to post its revised Supplement No. 5 to WMATC Tariff No. 2 conspicuously and continuously in each of its vehicles operating over its regular route at least five operating days prior to the filing of said tariff supplement with the Commission.
6. That Dawson's Charter Service, Inc., shall submit, contemporaneously with the filing of its revised Supplement No. 5 to WMATC Tariff No. 2, an affidavit of compliance with the mandates of paragraphs 4 and 5 above.
7. That Supplement No. 5 to WMATC Tariff No. 2 shall become effective upon less than 30 days' notice upon the acceptance thereof by the Executive Director of the Commission.

BY DIRECTION OF THE COMMISSION:

  
WILLIAM H. MCGILVERY  
Executive Director